

Consumer Behavior - 3



Market Segmentation

Unit I

Agenda



- ☞ Market Aggregation Strategy
- ☞ Market Segmentation
- ☞ Strategic Targeting

Market Aggregation Strategy



- ❧ Little or no subdivision is applied.
 - ❧ A firm will produce a single product and offer it to all consumers under a single marketing program
 - ❧ Eg: Agricultural Sector
- ❧ Alias: mass Marketing, Undifferentiated marketing, Product marketing
- ❧ Benefits:
 - ❧ Economical strategy working at lowest cost of production
 - ❧ Single standardized product therefore least inventory hassles
 - ❧ Mass promotion through a single marketing program (Usually promotes being better than the competition)

But..

- ☞ Consumers have an individual identity. They differ from others in terms of :
 - ☞ Needs, wants, desires, education, upbringing, social circle, experience, geography etc.
- ☞ The market is fragmented in the ‘age of diversity’
- ☞ Theories : Henry Ford vs Alfred Sloan
- ☞ Eg :



Marketers require:



- ☞ Three Phases for In-depth Marketing of Product and Services
 - ☞ Market Segmentation
 - ☞ Strategic Targeting
 - ☞ Product/Service Positioning

Market Segmentation



- ❧ The process of partitioning the heterogeneous market into segments
- ❧ Where each segment is homogeneous within itself and different from other segments
- ❧ One or more segment is selected as a target market
- ❧ And will be reached with a distinct marketing mix
- ❧ Eg: Star network (Umbrella Name) provides multiple channels
 - ❧ Star TV, Star World, Star News etc.
 - ❧ Keeping in mind the need and wants of the specific consumer



∞ Pros:

- ∞ Supply in accordance to consumer demand
- ∞ Consumer loyalty increases

∞ Cons:

- ∞ Cost burden on the organization increases
- ∞ Chances of 'Cannibalization' due to overlapping of market coverage

Criteria for effective Segmentation



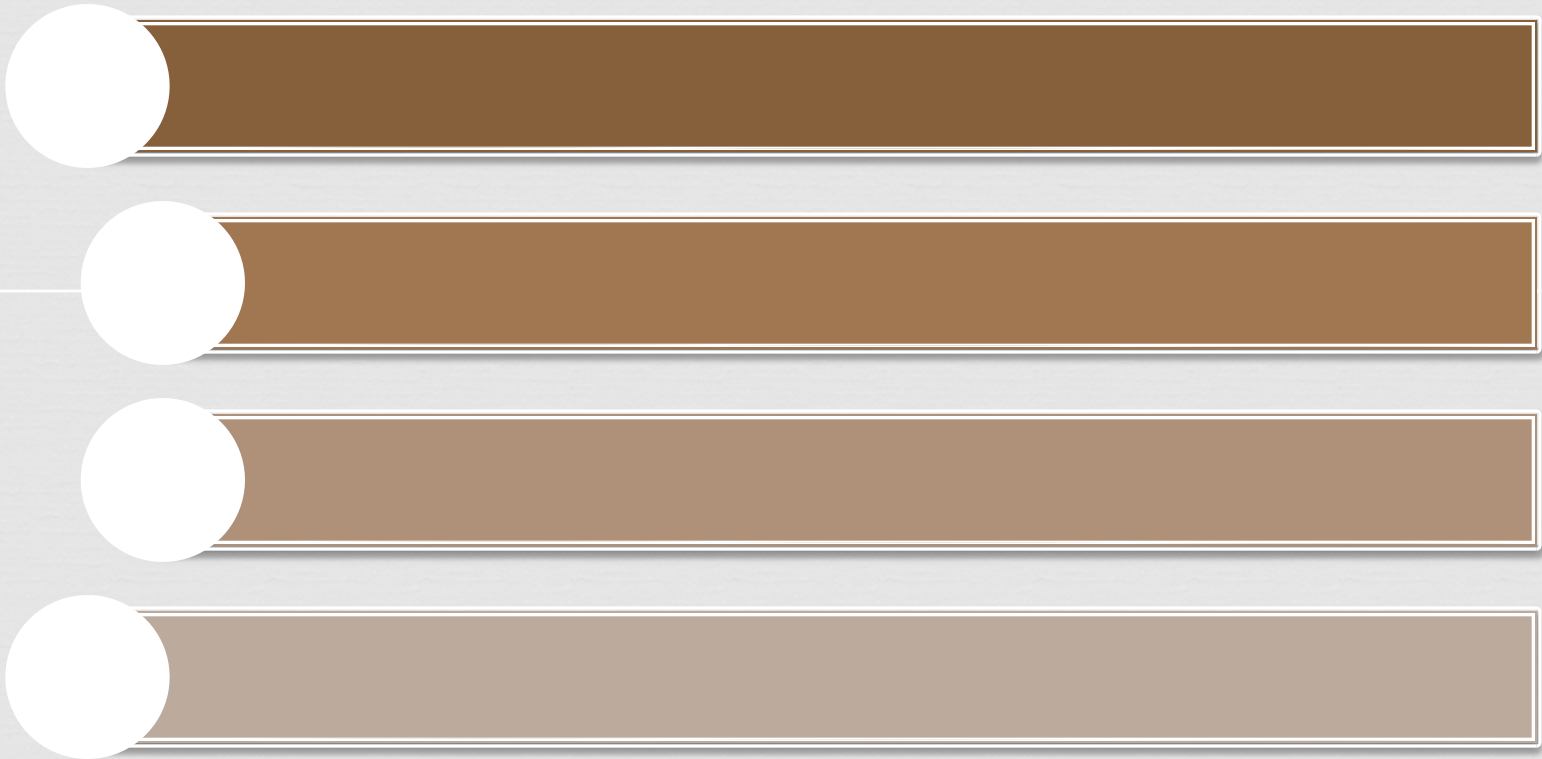
- ☞ Identifiable and Measurable
- ☞ Accessible
- ☞ Substantial
- ☞ Responsive

Segmentation Studies:

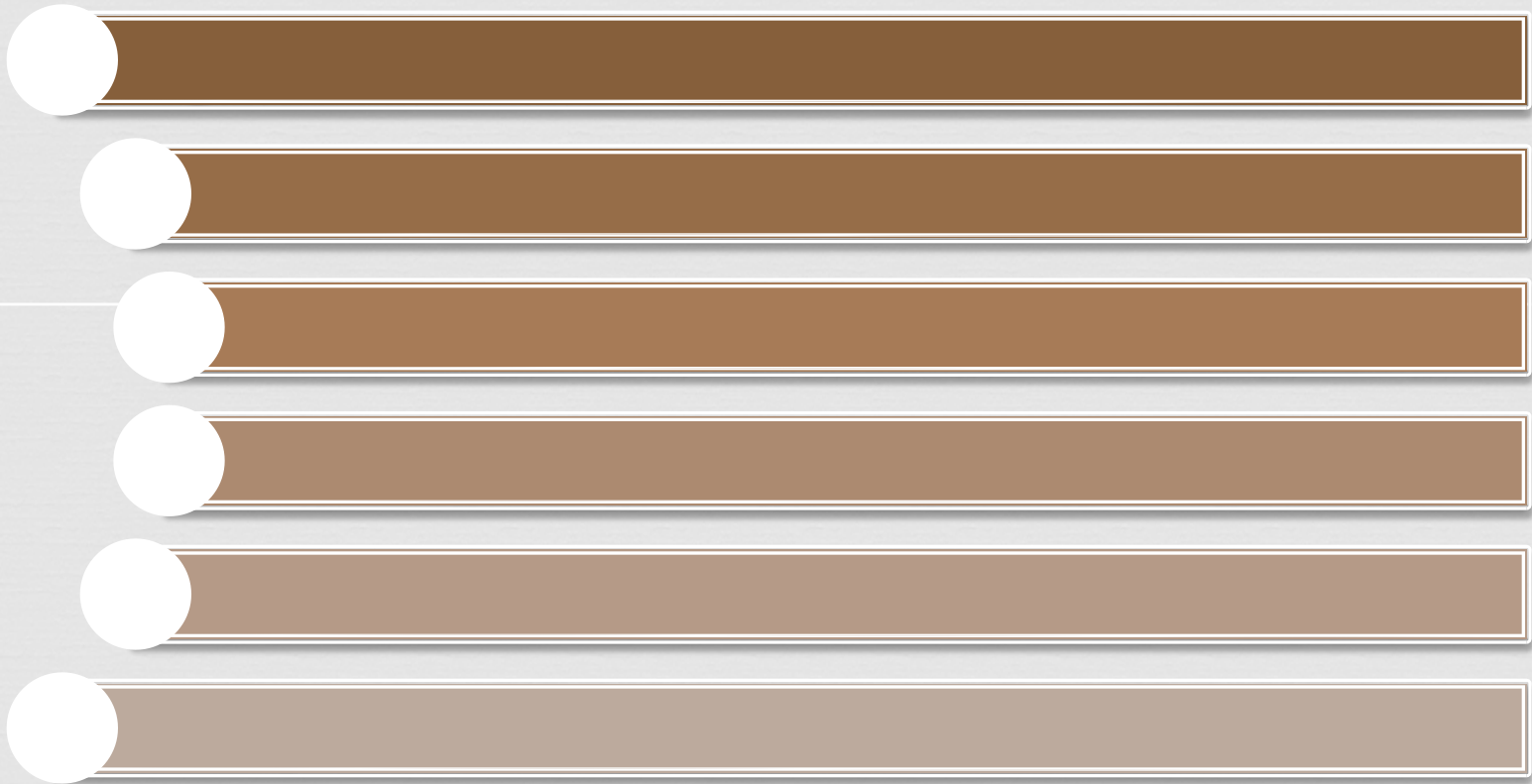


- ✧ Discover the needs and wants of groups of consumers to develop specialized products to satisfy group needs
- ✧ Used to identify the most appropriate media for advertising

Segmentation Base (Geographic)



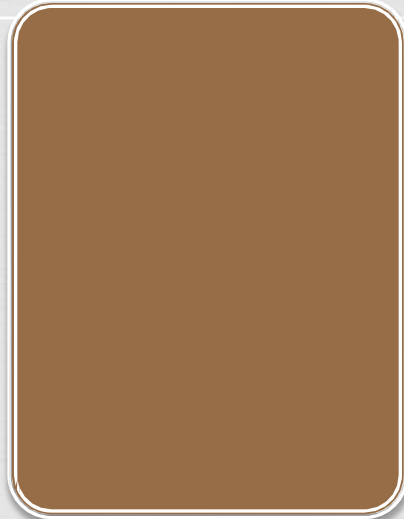
Segmentation Base (Demographic)



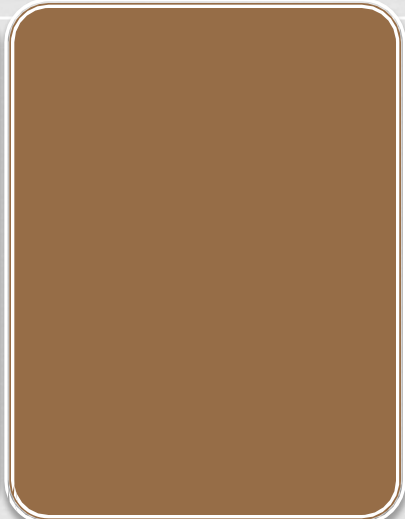
| SEGMENTATION BASE | SELECTED SEGMENTATION VARIABLES |
|---------------------------------|--|
| Geographic Segmentation | |
| Region | North South East West |
| City Size | Major metropolitan areas, small cities, towns |
| Density of area | Urban, suburban, rural |
| Climate | Temperate, hot, humid, rainy |
| Demographic Segmentation | |
| Age | Under 12, 12-17, 18-34, 35-49, 50-64, 65-74, 75-99, 100+ |
| Gender | Male, female |
| Marital status | Single, married, divorced, living together, widowed |
| Income | Elite, Low Income, High Income, Middle Income |
| Education | Some high school, high school graduate, some college, college graduate, postgraduate |
| Occupation | Professional, managerial, administrative, sales, service, agricultural, military |

Segmentation Base (Psychological)

Five horizontal bars, each starting with a white circle and followed by a brown rectangular area, intended for notes or content. The bars are arranged vertically and are currently empty.



Religion



Activities
Interests
Opinions

| SEGMENTATION BASE | SELECTED SEGMENTATION VARIABLES |
|---|--|
| Psychological Segmentation | |
| Needs-motivation | Shelter, safety, security, affection, sense of self-worth |
| Personality | Extroverts, novelty seeker, aggressives, innovators |
| Perception | Low-risk, moderate-risk, high-risk |
| Learning-involvement | Low-involvement, high-involvement |
| Attitudes | Positive attitude, negative attitude |
| Psychographic Segmentation | |
| (Lifestyle) Segmentation attitudes, interests, opinions | Economy-minded, couch potatoes, outdoors enthusiasts, status seekers |
| Socio-cultural Segmentation | |
| Cultures | American, Italian, Chinese, Mexican, French, Pakistani |
| Religion | Catholic, Protestant, Jewish, Moslem, other |
| Subcultures (Race/ethnic) | African American, Caucasian, Asian, Hispanic |
| Social class | Lower, middle, upper |
| Family life cycle | Bachelors, young married, full nesters, empty nesters |

Segmentation Base (Usage)

